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STATEMENT
TO THE
LEGISLATURE

BY

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MR. SPEAKER, UNDER ORDINARY CIRCUMSTANCES THE 1985 ONTARIO BUDGET, CONTAINING THE INTERIM RESULTS FOR THE 1984-85 FISCAL YEAR, WOULD HAVE BEEN TABLED IN MAY.

AS THIS YEAR'S BUDGET WILL NOT BE PRESENTED UNTIL JUNE 25TH, I AM PLEASED TO TABLE TODAY THE FINAL QUARTERLY ONTARIO FINANCES SHOWING THE INTERIM RESULTS FOR 1984-85. FINAL AUDITED RESULTS WILL BE PUBLISHED IN LATE SUMMER IN ONTARIO'S FINANCIAL REPORT.

MR. SPEAKER, I AM HAPPY TO REPORT THAT THE DEFICIT IS DOWN ONCE AGAIN. IT IS DOWN BOTH FROM ITS 1983-84 LEVEL OF \$2.3 BILLION AND FROM OUR ORIGINAL BUDGET ESTIMATE FOR 1984-85 OF \$2 BILLION.

THE NET CASH REQUIREMENTS OF THE PROVINCE WERE REDUCED BY OVER \$300 MILLION FROM OUR ORIGINAL 1984-85 PLAN, AND CURRENTLY STAND AT \$1.7 BILLION - ALMOST \$600 MILLION BELOW THE 1983-84 LEVEL.

STRONGER THAN ANTICIPATED ECONOMIC PERFORMANCE AND CONTINUED SPENDING CONTROL WERE MAJOR FACTORS UNDERLYING THIS PERFORMANCE.

MEANWHILE, TOTAL EXPENDITURES REMAINED ESSENTIALLY ON TARGET AND INCREASED BY \$90 MILLION, OR 0.3 PER CENT, FROM OUR ORIGINAL BUDGET ESTIMATE. THIS PERFORMANCE WAS NOTWITHSTANDING THE GOVERNMENT'S EXPENDITURE INCREASES OF \$162 MILLION IN THE IMPORTANT AREAS OF HEALTH SPENDING AND INCOME SUPPORT.

REVENUES, WHICH HAD BEEN PROJECTED AT \$24.8 BILLION FOR 1984-85, REACHED \$25.2 BILLION BY FISCAL YEAR END, AS ECONOMIC GROWTH IMPROVED YIELDS.

HIGHER THAN EXPECTED GROWTH IN CORPORATE PROFITS AND STRONG GROWTH IN PURCHASES OF DURABLE GOODS, PARTICULARLY AUTOS, WERE IMPORTANT FACTORS BEHIND THIS IMPROVEMENT.

REVENUES FROM THE CORPORATE INCOME TAX WERE UP BY \$306 MILLION. THE YIELD FROM THE RETAIL SALES TAX WAS UP BY \$187 MILLION. THE MAJORITY OF THE IN-YEAR REVENUE IMPROVEMENTS WERE APPLIED TO THE REDUCTION OF NET CASH REQUIREMENTS.

MR. SPEAKER, ONTARIO'S RECENT ECONOMIC PERFORMANCE HAS BEEN REMARKABLE. WE ARE IN THE MIDST OF A SOUND AND SUBSTANTIAL RECOVERY. FURTHERMORE, WE ARE POISED FOR A THIRD CONTINUOUS YEAR OF GROWTH.

IN THE FACE OF RECORD HIGH REAL INTEREST RATES AND WORLD-WIDE UNCERTAINTY ABOUT THE DURABILITY OF ECONOMIC INSTITUTIONS, ONTARIO'S REAL GROSS PROVINCIAL PRODUCT INCREASED BY 5.2 PER CENT IN 1983 AND 6.0 PER CENT IN 1984.

LAST YEAR'S GROWTH RATE WAS THE BEST SINCE 1972.

THE STRONG AND CONTINUING GROWTH OF THE ECONOMY HAS GENERATED INCREASING EMPLOYMENT OPPORTUNITIES FOR ONTARIANS.

AS A RESULT, UNEMPLOYMENT IN ONTARIO HAS DROPPED FROM 9.3 PER CENT A YEAR AGO TO 7.7 PER CENT IN MAY 1985. THIS IS THE LOWEST RATE IN CANADA.

SINCE THE END OF THE RECESSION IN NOVEMBER 1982, ONTARIO HAS CREATED 455,000 NEW JOBS.

OUR JOB CREATION HAS BEEN PARTICULARLY STRONG IN COMPARISON TO OTHER PARTS OF CANADA.

SINCE NOVEMBER 1982, EMPLOYMENT HERE HAS INCREASED BY 11.4 PER CENT WHILE EMPLOYMENT IN THE REST OF CANADA HAS INCREASED BY 6.1 PER CENT. ONTARIO BY ITSELF ACCOUNTED FOR ABOUT 54 PER CENT OF ALL JOBS CREATED IN CANADA OVER THIS PERIOD.

AND MOST OF THESE NEW JOBS, MR. SPEAKER, HAVE BEEN FULL-TIME JOBS. IN 1984, OVER 87 PER CENT OF THE EMPLOYMENT INCREASE IN ONTARIO CONSISTED OF FULL-TIME JOBS.

MANUFACTURING MADE THE LARGEST CONTRIBUTION TO JOB CREATION LAST YEAR, ACCOUNTING FOR 55,000 OF THE 147,000 NEW JOBS GENERATED BY THE ONTARIO ECONOMY.

AND ONTARIO'S RECENT STRONG JOB CREATION RECORD HAS HELPED TO IMPROVE THE EMPLOYMENT OUTLOOK FOR THE PROVINCE'S YOUNG PEOPLE.

WHILE STILL INTOLERABLY HIGH, THE YOUTH UNEMPLOYMENT RATE DROPPED BY 3 PERCENTAGE POINTS IN 1984 AND THAT TREND IS CONTINUING. OVER THE PAST 12 MONTHS, THE NUMBER OF UNEMPLOYED YOUNG PEOPLE IN ONTARIO HAS DROPPED BY 39,000. THIS IMPROVEMENT LOWERED ONTARIO'S YOUTH UNEMPLOYMENT RATE TO 12.9 PER CENT, AGAIN THE LOWEST RATE IN CANADA.

IMPROVING THE EMPLOYMENT PROSPECTS FOR OUR YOUTH IS A PRIORITY CONCERN OF THIS GOVERNMENT.

IN THE SPEECH FROM THE THRONE, WE ANNOUNCED OUR INTENTION TO CARRY FORWARD OUR FUNDING COMMITMENT TO ONTARIO YOUTH OPPORTUNITIES UNDER THE NEW MINISTRY OF SKILLS DEVELOPMENT. WE ALSO ANNOUNCED OUR INTENTION TO INCLUDE IN THE BUDGET AN ADDITIONAL \$100 MILLION EMPLOYMENT AND TRAINING SUPPLEMENT TO PERMIT THE MINISTRY OF SKILLS DEVELOPMENT TO TAKE FURTHER ACTION. OUR YOUNG PEOPLE ARE A MAJOR TARGET GROUP OF THIS INITIATIVE.

MR. SPEAKER, THE MOST RECENT EVIDENCE INDICATES THAT STRONG ECONOMIC GROWTH IS CONTINUING. SINCE THE END OF 1984, ONTARIO EMPLOYMENT HAS RISEN BY 114,000, AN INCREASE OF 2.6 PER CENT. IN THE REST OF THE COUNTRY THE GROWTH RATE WAS ONE PER CENT.

THE RECENT ANNOUNCEMENT, THAT CANADA'S REAL GROSS NATIONAL PRODUCT GREW AT A 3.7 PER CENT ANNUAL RATE IN THE FIRST QUARTER OF 1985, IS FURTHER WELCOME CONFIRMATION THAT GROWTH IS CONTINUING.

THE BROADLY-BASED NATURE OF THE RECOVERY IN ONTARIO'S ECONOMY BODES WELL FOR THE DURABILITY OF GROWTH. CONSUMERS ARE INCREASINGLY CONFIDENT IN THEIR FUTURE ECONOMIC WELL-BEING. A DYNAMIC BUSINESS SECTOR IS PREPARED TO INVEST IN THAT FUTURE. AND ONTARIO'S HEALTHY COMPETITIVE POSITION HAS PRODUCED A STRONG EXPORT PERFORMANCE. ALL OF THESE FACTORS HAVE BEEN KEY COMPONENTS OF OUR ECONOMIC RESURGENCE.

CONSUMER SPENDING WAS AN ESSENTIAL INGREDIENT IN LAST YEAR'S IMPRESSIVE PERFORMANCE. THE DISPOSABLE INCOME OF ONTARIO HOUSEHOLDS GREW BY 8.7 PER CENT IN 1984, AN INCREASE OF WELL OVER 4.0 PER CENT AFTER INFLATION. THIS FUELED A STRONG INCREASE IN CONSUMER SPENDING; AN INCREASE REFLECTED IN RETAIL SALES GROWTH OF 10.2 PER CENT.

WHILE OUR GROWTH HAS BEEN BROADLY BASED, THERE IS NO DOUBT THAT THE LEADING FORCE IN THE FIRST STAGES OF THE RECOVERY WAS THE INCREASE OF OUR EXPORTS.

IN 1984, EXPORTS OF GOODS AND SERVICES INCREASED BY MORE THAN 25 PER CENT OVER THE YEAR BEFORE.

THE STRENGTH OF OUR EXPORTS WAS CLOSELY LINKED TO THE HEALTH OF THE U.S. ECONOMY AND, IN PARTICULAR, TO OUR AUTOMOTIVE SECTOR.

LAST YEAR THE PRODUCTION OF PASSENGER CARS IN CANADA INCREASED BY 7.0 PER CENT WHILE TRUCK PRODUCTION SURGED BY OVER 47 PER CENT. AS A RESULT, AUTO PRODUCTION REACHED AN ALL-TIME HIGH IN 1984.

AS WELL, MR. SPEAKER, THE STRENGTH OF THE ONTARIO ECONOMY WAS EVIDENT IN MOST OF OUR OTHER KEY INDUSTRIES.

THE STEEL INDUSTRY SHOWED STRONG PERFORMANCE. STEEL PRODUCTION AND SHIPMENTS BY THE THREE LARGEST PRODUCERS INCREASED SOME 13 PER CENT IN 1984.

ANTICIPATED STRENGTH IN THE ENERGY SECTOR AND NON-RESIDENTIAL CONSTRUCTION ARE EXPECTED TO PROVIDE A FURTHER IMPETUS TO THIS INDUSTRY.

IN THE FORESTRY SECTOR, CROWN TIMBER HARVESTS REACHED A MODERN-DAY RECORD OF SOME 20 MILLION CUBIC METRES.

THIS REFLECTED A 10 PER CENT INCREASE IN ONTARIO'S PULP AND PAPER OUTPUT, THANKS TO IMPROVED DOMESTIC DEMAND AND EXPORTS TO THE UNITED STATES. DESPITE INTENSE COMPETITION IN THE LUMBER SECTOR, ONTARIO'S LUMBER OUTPUT ALSO EXPANDED LAST YEAR.

THE MINING INDUSTRY SHOWED STRONG GROWTH DURING 1984. THE VALUE OF MINERALS PRODUCTION INCREASED FROM \$3.6 BILLION IN 1983 TO \$4.4 BILLION IN 1984, AN IMPROVEMENT OF 24 PER CENT.

INDICATIONS ARE THAT THE INDUSTRY WILL DEMONSTRATE FURTHER GROWTH IN 1985, AS THE PRICE OF MAJOR BASE METALS SHOWS SIGNS OF STRENGTH IN INTERNATIONAL MARKETS.

ONTARIO NET FARM INCOME INCREASED BY 13 PER CENT LAST YEAR, HELPING TO STRENGTHEN THIS VITAL SECTOR OF OUR ECONOMY.

THE FACT THAT THIS ECONOMIC PERFORMANCE IS NOT TRANSITORY IS DEMONSTRATED BY THE DECISIONS OF OUR MANUFACTURERS TO UNDERTAKE MAJOR NEW JOB-CREATING INVESTMENTS IN ONTARIO.

THE CANADIAN AUTO INDUSTRY IS PLANNING TO SPEND ABOUT \$1.2 BILLION ON NEW PLANT AND EQUIPMENT IN 1985. MOST OF THIS INVESTMENT WILL TAKE PLACE IN ONTARIO.

THESE BUSINESS DECISIONS ARE BASED UPON THE REALITY OF ONTARIO'S STRONG COMPETITIVE POSITION AND OUR SECURE ACCESS TO INTERNATIONAL MARKETS.

OTHER INDUSTRIES ARE ALSO CONFIRMING THEIR CONFIDENCE IN THE ONTARIO ECONOMY THROUGH THEIR INVESTMENT PLANS. LAST YEAR, BUSINESS SPENDING FOR MACHINERY AND EQUIPMENT GREW BY MORE THAN 8 PER CENT, WHILE NON-RESIDENTIAL CONSTRUCTION INCREASED BY ALMOST 14 PER CENT.

MOST MANUFACTURING INDUSTRIES HAVE ANNOUNCED PLANS TO BOOST INVESTMENT FURTHER IN 1985.

THE PRIMARY METALS INDUSTRY, FOR EXAMPLE, INTENDS TO INCREASE ITS INVESTMENT SPENDING BY MORE THAN 160 PER CENT. ONTARIO'S STEEL INDUSTRY IS IN THE PROCESS OF MODERNIZING, AND WILL BE INVESTING ABOUT \$1.25 BILLION OVER THE NEXT FEW YEARS. OVERALL, BUSINESS INVESTMENT PLANS FOR 1985 ARE UP BY MORE THAN 10 PER CENT RELATIVE TO 1984.

THE FORCES BEHIND THIS RESURGENCE INCLUDE THE CONTINUED GROWTH OF DEMAND, IMPROVED CORPORATE FINANCIAL POSITIONS AND RISING BUSINESS CONFIDENCE.

MOREOVER MR. SPEAKER, THE STRENGTH OF INVESTMENT WILL ENSURE THAT ONTARIO INDUSTRY REMAINS COMPETITIVE IN WORLD MARKETS.

I BELIEVE THE POLICIES WE HAVE IMPLEMENTED, AND OUR RECORD OF FISCAL MANAGEMENT, HAVE BEEN AN UNDERLYING SOURCE OF STRENGTH IN SECURING AND SUSTAINING ONTARIO'S ECONOMIC RECOVERY.

WE HAVE ESTABLISHED, IN THIS PROVINCE, A CLIMATE OF CONFIDENCE AND AN ENVIRONMENT FOR BUSINESS GROWTH AND DEVELOPMENT THAT HAS ALLOWED US TO SOLIDIFY OUR ECONOMIC BASE AND CAPITALIZE ON EMERGING OPPORTUNITIES.

AS WELL, WE HAVE CONSTRAINED THE GROWTH OF GOVERNMENT AND REDUCED THE SIZE OF OUR BUREAUCRACY. IN SO DOING, WE HAVE RETAINED THE FLEXIBILITY TO MAINTAIN AND ENHANCE THE QUALITY AND STANDARDS OF OUR SOCIAL AND ECONOMIC INFRASTRUCTURE AND TO TAKE DISCRETIONARY ACTION TO ASSIST ECONOMIC RECOVERY.

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IN 1975, THE GOVERNMENT OF ONTARIO EMPLOYED 87,109 PUBLIC SERVANTS. TODAY THERE ARE 80,131.

MEANWHILE, THE LEVEL OF OUR DEFICIT ON A PER-CAPITA BASIS IS THE LOWEST OF ANY PROVINCE IN CANADA.

IN SUMMARY, MR. SPEAKER, ONTARIO'S RECORD OF FISCAL AND ECONOMIC MANAGEMENT IS ONE OF WHICH WE CAN BE JUSTLY PROUD. THE REPORT I AM TABLING TODAY FULLY SUPPORTS THAT VIEW.

THANK YOU.